

## Article

# Education and training for the informal sector: reflections on an international research project

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In 1993 the Education Division of the Overseas Development Administration (ODA)<sup>1</sup> commissioned a state-of-the-art review of education and training interventions impacting on the informal sector (McGrath et al 1995). The core research team was situated in the universities of Edinburgh and London with researchers from Chile, Ghana, India and Kenya being contracted to write case studies on those countries (Leach 1995). As well as these case studies, the research team drew upon a wide range of literature, and explored donor and NGO views through questionnaires and interviews.

Before turning to look at some of the key elements of the project's findings, it is worth highlighting some issues that arise from the structuring of the research exercise which should be borne in mind when analysing the findings.

First, the report has an international focus. Although it reviews best practice internationally it remains sceptical to claims that this best practice can be simply grafted on to other local contexts. Unlike some recent international reviews of experience, it is not intended to be prescriptive. Rather than provide a blue-print for interventions at the level of policy and practice it seeks to suggest a framework for discussion arising out of international best practice.

Second, South Africa was not a major focus of the report. This country is of course unique, but it is probable that the convergences and divergences that emerge from a study of equally unique contexts can provide some useful areas for debate for South Africans interested in the future of their informal sector. Through a presidential conference in 1995, legislation such as the SMME<sup>2</sup> Act and new bodies such as the Ntsjika Enterprise Promotion Agency, the South African informal sector has become an

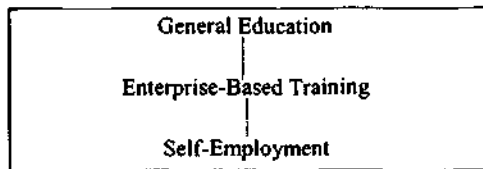
important focus of policy. Moreover, the new Skills Development Act and the recent introduction of Curriculum 2005 are indicative of a growing concern in South Africa with education and training for the informal sector. This paper will not address the nature of these proposals but will use international evidence to raise questions of relevance to the South African situation.

Third, the report was commissioned by the Education Division of a donor agency and was designed to be concerned specifically with outlining a possible future role for education and training in supporting the informal sector. There are a significant number of commentators who would question such a role. In particular, there is evidence, at times compelling, that informal sector actors have more pressing needs and demands.

Fourth, there is a morass of definitions of the informal sector. Neither this article nor the report seek to exacerbate this by a lengthy theoretical discussion. The position adopted is that the term has heuristic value and some common-sense meaning. There are in fact many informal sectors based on multiple, and often conflicting, social, economic, political, legal and cultural realities. This article does not address these at length but an understanding of them in the local context of proposed intervention is an essential prerequisite for such intervention.

## **The Pathways**

### **Model A – General Education On-the-job Training**



This model represents an orthodoxy amongst academics and donors, if not developing country policy makers. Building from the 'vocational school fallacy' arguments of Foster (1965) of over 30 years ago, it argues that the best education for future employment is one which concentrates on getting the basics right. Good quality language, mathematics and science are stressed, whilst vocational or practical subjects are seen as undesirable.

The arguments against such subjects are most clearly found in World Bank documents (World Bank 1988) and the Bank view is worth outlining briefly here. A general (primarily academic) education provides a better

rate of return than technical education which is far more costly, yet only provides a similar economic benefit. The high cost of technical education is a great drain on educational budgets. Moreover, these costs are typically unsustainable. As a result, equipment is usually out of date, whilst staff salaries below market rates mean that only the least marketable artisans become teachers. Such problems lead the training provided to have little correspondence with work practices in the real world, thus reducing the employability of the graduates from technical schools. This in turn reinforces the popular prejudice against technical education as inferior. Moreover, given the limited capacity of most developing country education ministries, technical education programmes are undesirable as they are more complex to plan than purely academic programmes.

The Bank argues in addition that many of the criticisms leveled at technical education in schools can also be directed at post-school vocational training institutes (VTIs).<sup>3</sup> It prefers training that is done on-the-job, although it does acknowledge that, particularly in the least developed countries, some state-sponsored training may be necessary due to weaknesses in market-driven provision (World Bank 1991).

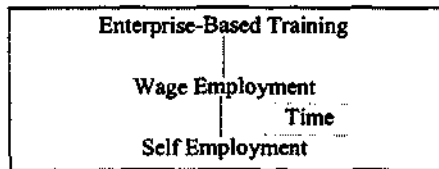
### **Some Questions Arising**

One of the most problematic elements of much of the debate around the vocational school fallacy is its failure to think critically about a series of words used to describe types and locations of educational practice. Is 'academic' synonymous with 'general'? Should a distinction be made between 'technical' and 'vocational'?

Given the emerging shape of the new South African system, some further questions arise. How does the notion of integration, which is embedded in the NQF, relate to the concept of 'general' education? Is ten years of good quality 'general' education a sufficient foundation upon which a diversified system of learning institutions at Further Education and Training level can be built? Do vocational school fallacy arguments apply equally to enterprise education as proposed under Curriculum 2005?

South Africa has a large number of technical schools and colleges, as well as technikons. What are the implications for them of the critique of technical schools and VTIs? Technical education and training institutions have historically been gendered institutions. How can greater female participation be built into any future role for such institutions?

### Model B – Looking Deeper: Enterprise-Based Training + Time



Grierson (1989 and 1997) argues that enterprise-based training in the informal sector is the key to successful preparation for self-employment. In addition to acquiring the skills necessary to produce in the informal sector, the prospective self-employed also need tools which will allow them to break down the barriers to entry that exist in the informal sector. Such barriers, Grierson (1993) argues, are both social and economic and can be overcome through the acquisition of social networks by the trainee. This is most likely to occur in the traditional apprenticeship location, as found in West Africa in particular.<sup>4</sup>

Economic barriers here largely refer to the difficulty in raising sufficient capital to establish oneself in viable self-employment. In this model, it is argued that the potential self-employed worker can raise capital without credit schemes. Instead, such capital accumulation will take place during a period of wage employment either in the formal sector or as a journeyman in an informal sector workshop (Grierson 1993). After a period of five or so years, the individual will have accumulated sufficient capital, contacts and experience to enter into self-employment.<sup>5</sup> This view is reflected in evidence (eg for Zimbabwe) that the most successful self-employed artisans are typically those with significant wage employment experience (Mead and Kunjoku 1993).

#### Some Questions Arising

South Africa does not have a strong tradition of informal sector artisanal training, as found in West (and to a lesser extent East) Africa. What then is the relevance of model B? In countries such as Somalia, programmes have developed informal sector training mechanisms which mimic the traditional apprenticeship mode (LaTowsky and Grierson 1992). Can SME learnerships be a successful example of this kind? Here too access has been highly gendered. What mechanisms are required to ensure equitable access for women to such training if it is to be promoted in South Africa? If time is so crucial to successful and sustainable insertion into the informal sector,

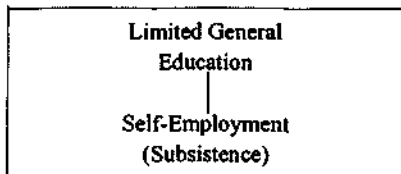
then there are potentially serious implications for many programmes globally which seek to shift unemployed youth into the informal sector. What is the future of such programmes in South Africa? What would be the best form of assistance to the constituency they are designed to serve?

### **A Differentiated Informal Sector**

Model B is concerned with a particular form of the informal sector. The self-employment it conceives of is very clearly that of the artisan engaged in activities with some level of sustainability. Indeed, internationally many of these informal sector actors are earning incomes in excess of those for the same trades in the formal sector. This group, however, are the minority, the bulk of the sector being engaged in survivalist activities.

In using a binary model of the informal sector there is no attempt to argue that some societal groupings are inherently suited to participation in one of these sub-sectors due to certain characteristics they possess.<sup>6</sup> Nonetheless, it appears that there are different pathways which *typically* lead to subsistence and sustainable self-employment. These are shown below. Model C refers to subsistence self-employment; Model D to sustainable self-employment.

### **Model C – The Route to Survival: Subsistence Self-Employment**



This model points to the stark reality of most people inhabiting the informal sector world-wide. For them, a complete and adequate basic education for all remains rhetoric rather than reality, since they typically have to leave school before the end of the full cycle, if they attend at all. Moreover, they lack access to post-school training, either in the formal or informal sectors. In West Africa, for example, subsistence activities are not a significant focus of the traditional apprenticeship system. As a result, many find themselves in forms of self-employment that require almost no training on the job.

There are, of course, categories of subsistence self-employed who may have had more schooling and may have acquired considerable dexterity, for example, in hand-weaving or other skills; but the lack of a market or its over-saturation means they are forced to survive at a subsistence level.

### Some Questions Arising

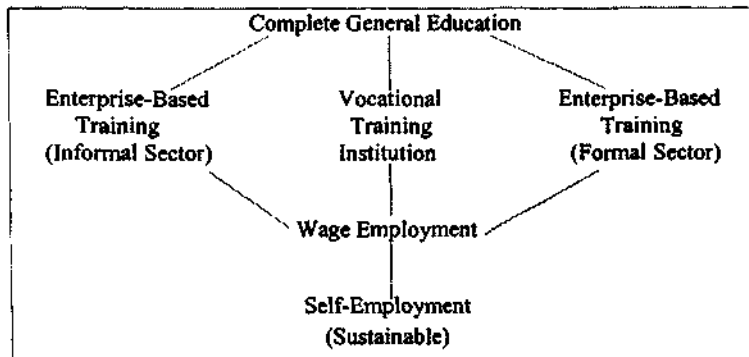
This model can be read as implying better access to education as a solution to low incomes in the informal sector. Certainly, increased access to quality education, both as a right and as a productivity stimulant, is desirable. Nonetheless, the situation is more complex. Will increased education not simply lead to certificate inflation? Can education per se increase aggregate income-generating potential?

Any increase in income for those in this segment of the informal sector could take place in three specific labour market segments: the subsistence segment, the sustainable segment or the formal segment. Where should programmes seek to locate their clientele?

Both location in the subsistence segment of the informal sector and limited access to education and training are gendered phenomena. Is there a case for special programmes targeted at girls and women? What other factors (social, cultural, etc) contribute to female disadvantage in this context? How, if at all, can these factors be overcome?

Model C points to the lack of choice and access experienced by those finding themselves in subsistence self-employment. As might be expected, the picture is very different for those entering the upper, entrepreneurial reaches of the informal sector. Indeed, model D indicates that there are a variety of paths by which individuals gain access to sustainable self-employment.

### Model D – The Route to Enterprise: Sustainable Self-Employment



The model illustrates three possible branches on the pathway to sustainable self-employment. It assumes with model A that a good basic education is

the foundation of most individuals' success in achieving access to this level of self-employment. Increasingly, even in the first branch (eg, West African-style traditional apprenticeship), the average education level of entrants appears to be rising (Fluitman 1994; Boeh-Ocansey 1995).

The model should not be taken, however, as arguing that all the graduates of a complete general education are likely to follow any of these paths. Inevitably, many of the most able will still follow academic paths leading to secondary and even tertiary education. Equally, in many countries, including South Africa, the formal sector will be a first choice employer for many.

As positive attitudes to enterprise continue to develop, however, and as the formal sector in some countries becomes increasingly insecure and unremunerative, so the traditional pathways to formal sector employment are likely to be co-opted for preparation for self-employment. Thus, the model notes that there is an international trend for VTIs and formal sector on-the-job training to become increasingly used as pathways to sustainable self-employment.

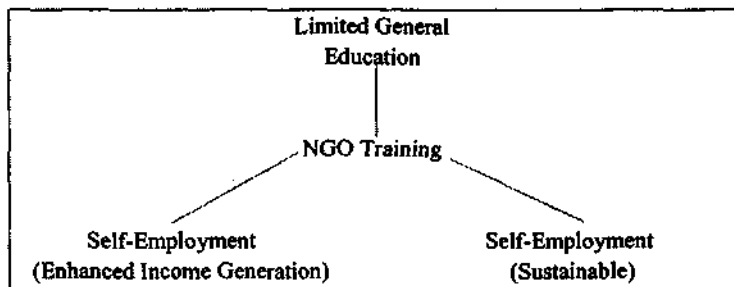
After training in one of the three branches, this model follows Model B in seeing a period of wage employment, in whatever location, as an important, and perhaps necessary, precursor to sustainable self-employment. It is possible that both training and wage employment will take place in the same firm. Equally, there will often be no clear demarcation between when a young person is considered to be a trainee and when he<sup>7</sup> is generally acknowledged to be an employee. In different contexts, and for different individuals, the time scale involved in the transition from school to self-employment will be very different.

### **Some Questions Arising**

The relevance of this model to South Africa is limited in several ways. The lack of an informal artisan tradition has already been noted. Equally, the formal sector in South Africa will continue to be far more significant in size and influence than in other African countries. However, some interesting and relevant questions do arise from this model. Will expansion of educational opportunities in South Africa tie more people into paths towards formal sector employment that will not be wide enough to satisfy their expectations? How successful will the current changes be in promoting SMMEs as a route of first choice? Can and should the further education and training system be reoriented towards self-employment? What form should such a reorientation take?

These two models highlight some of the factors that differentiate those who end up in the two different segments of the informal sector, as conceptualised in this article. Such a delineation allows some thoughts to be generated regarding possible ways of facilitating passage from the lower- to upper-tier, or failing that, to enhance incomes within the subsistence tier. It is in this light that much of the work of NGOs training in the informal sector can be viewed. This is the subject of a fifth model.

### **Model E – A Helping Hand: The Role of NGOs in Enhancing Informal Sector Incomes**



NGO training is often more effective than donor or state intervention in accessing the informal sector and, in turn, facilitating access of those in disadvantaged communities to higher incomes than could otherwise be expected. NGOs can provide both first and second chance access to basic education, which has already been argued above to enhance income generating opportunity. More specific training interventions aimed at disadvantaged groups also have been highly successful in many cases. Here it is necessary to note, however, that many have traditionally taken individuals from informal sector communities and prepared them for formal sector employment (Mashek 1992). Their ability to reorient themselves to employment within the informal sector cannot be assumed. Nonetheless, there are many examples, such as the Self-Employed Women's Association (SEWA) in India which point to possibilities of direct intervention towards informal sector outcomes.

#### **Some Questions Arising**

South Africa has had a strong NGO tradition. However, there are reasons for caution regarding South African NGO ability to address the education and training need of the informal sector given their well-publicised problems



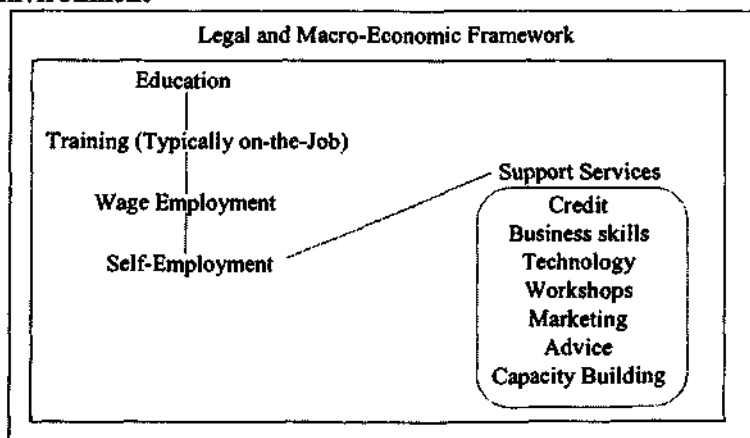
since 1994. Can NGOs make good the massive decline they have typically experienced in human and financial capacity?

As noted above, many educational NGOs have focused on remedial programmes which have assumed future entry into the formal sector. How far is this tradition replicated in South Africa? Can and should such programmes be reoriented to focus on likely long-run location in the informal sector?

### **From Pathways to Packages**

Education and training do have an important role to play in preparation for self-employment, and it is entirely appropriate that they should have provided a great deal of the focus for this article, since this was the nature of the commission from the ODA. However, the above model pathways have also incorporated the importance of work experience within enterprises. Moreover, they clearly also need to signal that the learning pathways are situated within a particular legal and macro-economic framework which can act either to constrain or support them. One purpose of Model F below is to represent this. However, it points also to the range of support services which, individually, or as an integrated package, have been considered as relevant bridges and ladders towards a more productive level of self-employment.

### **Model F – Beyond Learning: Support Services and an Enabling Environment**



In this model it is assumed that the arguments advanced in the previous models are broadly correct. In other words, it is accepted that the most typical path to the point of sustainable self-employment will start with a good level of basic (and increasingly post-basic) education. After this will come a period of training. In most cases this would optimally occur in an enterprise (and in the informal sector where adequate training is obtainable). As noted above, the evidence appears to point to a subsequent period of wage employment, in either sector, before successful insertion into self-employment. What the model suggests is that it is at this point of entry into self-employment, and subsequently, that a range of support services becomes useful to those seeking to engage in potentially sustainable activities.

### Credit

The current orthodoxy states that credit, not training, is the principal need of the informal sector. The high level of repayment of minimalist credit schemes through cross-guarantees and low administration costs point to high sustainability and large client numbers (Mashek 1992). Minimalist credit is also very attractive as it is perceived to have a good record of reaching the poorest, and women in particular, most notably in the case of the Grameen Bank in Bangladesh (ApT 1993).

However, credit programmes, even minimalist, are not without their critics. Some of these point out that the degree of sustainability achieved has rarely convinced banks that such schemes make commercial sense (Jackelen and Rhyne 1991). Indeed, this conclusion was repeated in an evaluation by the World Bank of its long years of experience in this field (Webster 1990). Moreover, for those who fail in their enterprises and are unable to repay their loan, credit turns into debt. This affects the programme as well as the individual as it reduces the amount of credit available for future borrowers (von Pischke 1992).

Minimalist credit also tends to be used for trading rather than productive activities. In the case of PRIDE in Kenya, an evaluation of programmes found that only 13 per cent of borrowers were engaged in productive activities (PRIDE 1990).<sup>8</sup> Whilst artisans frequently cite credit as a principal constraint, it is by no means the only one (Maldonado 1989). Indeed, there is evidence that default is often the result of credit leading to business expansion beyond the managerial competency of the borrower (Harper 1984; Lohmar-Kuhnle 1992). It may be that credit is of relatively greater significance for subsistence – rather than sustainable – level informal sector actors.<sup>9</sup>

Another dimension of these credit developments should be underlined. One reason that the minimalist schemes have been taken up enthusiastically in rural and urban areas is that the interest rates for informal credit have been much higher than the commercial bank rates that these credit schemes have come to adopt. Very little is actually known of the impact of such schemes upon local, informal credit arrangements, but it is conceivable that they have threatened the livelihood of the informal credit sources. This may appear justifiable where informal credit has been highly exploitative and associated with rural indebtedness. However, if (when?) the mood of the donors suddenly switches from their current fascination with credit to some other priority, then the traditional credit networks will need to be reactivated.

### **Business skills**

Programmes designed to address the business-skills needs of the informal sector are typically aimed at 'picking the winners': those with evident entrepreneurial potential. This, however, does not mean that they cannot reach those in the most disadvantaged groups, as illustrated by the Agency for Cooperation and Development's Small-Scale Enterprise Programme in Port Sudan (Harper 1989a). Key elements of such courses appear to include the charging of fees (to encourage participant commitment); modularisation; and the grounding of learning sessions in the realities of the informal sector through problem-solving methodologies.

A different focus on entrepreneurial skills is on what are sometimes termed soft skills but can be seen rather as attitudes. Some limited evidence to support such programmes has emerged from India (Gupta 1990; Harper 1992). However, at present more questions seem to be raised than answered. The majority of existing successful entrepreneurs were not created through programmes fostering their entrepreneurial attitudes. Indeed, it is possible that the very cultural contexts in which such programmes have been judged to be successful might be those which incubate entrepreneurship regardless of any such external intervention.

It may be, therefore, that such programmes are largely not generalisable. However, there is an even more problematic interpretation. It is possible that there is a limited number of successful micro-entrepreneurs that can be supported by the small local markets of many developing countries. Therefore, the success of the more formally-trained entrepreneurship graduates may be at the expense of practically-formed entrepreneurs.

Tentatively, perhaps it can be expected that these graduates will come from relatively wealthy backgrounds. This might be reflected in the number of university or college graduate-focused programmes, as in India. Therefore, they could be expected typically to have greater access to start-up capital than many traditional entrepreneurs. This negative equity impact is one that may require further consideration prior to major donor support for such programmes.

### **Technology**

One limitation of the informal sector that has been frequently identified (eg in the traditional apprenticeship literature) is its dependence on outmoded technologies. Many Northern NGOs, in particular, have focused on this issue (Jeans et al 1991).

In Ghana, Intermediate Technology Transfer Units (ITTUs) have been set up in regional centres. An ITTU consists of a group of production workshops where new products and processes of local relevance are demonstrated. Local artisans are then encouraged and assisted to engage in these activities. These artisans are encouraged to establish local associations which will eventually elect management boards for the ITTUs (Boeh-Ocansey 1995).

ITTUs also provide technical and managerial advice in a number of craft areas. They liaise with educational and research institutions and offer extension services to income generation projects. Selected masters from the traditional apprenticeship system are offered short-term internships as are formal-sector trainees. For traditional apprentices, there is the opportunity to be attached to an ITTU for a renewable one year period (Boeh-Ocansey 1995). This is an attractive idea, but its replicability is far from certain, not least due to the high set-up costs.

Two concluding comments on technology and the informal sector are worth making here. First, there is considerably more literature available on technologies *for* the informal sector than there is on technologies *in* the informal sector. Much more attention could potentially be given to the technological dynamic that exists within the specific informal sector context. This would then reduce the promotion of stand-alone technologies that are 'appropriate'. Research on the former would indicate significant changes over time, as well as major constraints on technological development (King 1996). Second, the issue of technology and of its promotion goes to the heart of the divide between the subsistence self-employed and the more

entrepreneurial levels. Support for more advanced, power machinery for the emergent entrepreneur may have a direct impact on the income and work of those using hand tools in more subsistence modes. Again, this would have to be carefully examined prior to any intervention at the technology level.

### **Workshops**

Expense and legal constraints frequently deny informal sector actors access to adequate workshop facilities. In Costa Rica, the National Apprenticeship Institute (INA), sought to address this through the establishment of a series of public workshops in the early-1980s (Haan 1989). The centres provide simple tools and equipment which artisans can use for a small fee. The provision of both basic and upgrading training is also a part of the centres' remit. This appears to be a particularly innovative way of providing workshops as well as promoting training and technological diffusion. In the South African context, the hives established by the former Small Business Development Corporation may be worth revisiting.

### **Marketing**

Another of the principal constraints facing informal sector actors is their limited access to markets and the limited purchasing power in the markets they can access. Trade fairs designed for informal sector producers and traders, franchising and the potential of sub-contracting between large, small and micro-enterprise are all strategies which have been suggested in the literature (Streeten 1991; Tolentino and Theocharides 1992; Wright 1990).

### **Advice**

In his research for the ODA referred to earlier, Grierson (1989) concluded that, along with enterprise-based training, follow-up was the central factor in successful self-employment programmes. Successful follow-up requires careful selection of the business consultants. As well as possessing sufficient theoretical knowledge to be able to analyse the strengths and weaknesses of their clients' enterprises, they must also have an intimate knowledge of the informal sector in the location where their clients are operating. Development of Small and Micro-Enterprises (DESAP) from Colombia uses economics graduates with links to the informal sector and provides them with training (Harper 1989b). Kenya Youth Training and Employment Creation, on the other hand, used technical instructors from the youth

polytechnics, the equivalent of rural training centres (Kivunzyo 1993; Oketch 1995).

It does not appear that there is one 'correct' model for such follow-up, and some methods are clearly not cost effective (Grierson 1993). In a number of countries, for instance, a version of follow-up was the extension model by which trained instructors sought to keep in touch with their clients who had come into the rural industrial development centres for some specific assistance. In Kenya and Tanzania early attempts at such support and follow-up proved to be very expensive and of uncertain value (King 1977). Clearly, to be successful, follow-up provision must reflect very exactly the needs and characteristics of the client and be tailored to the market.

### **Organisational capacity-building**

Much of the focus on this account has been on interventions into the informal sector. There are many pressing reasons for these. However, the long-term goal of many, if not all, such interventions should be built-in obsolescence. This goal leads to a focus on nurturing the organisations of the informal sector, encouraging their emergence and helping existing organisations towards sustainability.

Presently, however, the development of the institutional capacity of local, municipal or national organisations of actors of whatever kind within the informal sector gets little attention from external donors and is subject to considerable interference from national governments. Furthermore, it must be noted that such organisations, whether government-aligned or not, are often very fragile. Intervention, far from strengthening them, may actually fatally weaken them. The sudden influx of large amounts of donor money into a financially weak organisation peopled by low-income producers seems a sure recipe for disaster.

### **Enabling environment**

In addition to a range of supports, model F also argues that emergent and existing sustainable informal sector activities need an enabling environment in order to flourish. In some cases this means 'leveling the playing field' so as to eradicate the many unfair advantages larger firms often enjoy in developing countries. In others it may require that small and micro-enterprises, including those in the informal sector, receive special treatment which takes account of their particular circumstances.

### **Macro-economic policies**

The informal sector has been obstructed by the state in a variety of ways. In many cases, preferential treatment has been given to the formal sector. In the case of Kenya, for example, this historically took the form of import subsidies for medium- and large-scale industries which allowed them to acquire cheap inputs from outside the country (Cheru 1990). Without these subsidies such inputs might well have been sourced from the informal sector which is frequently a major sub-contractor for the formal sector (Abuodha and King 1991).

More generally, however, although national governments appear to have taken more seriously some of the education and training implications of preparation for self-employment, the same is not yet true for economic, labour market, exchange rate and tax policies. It has been suggested that this can in part be explained by a resistance to what seems an attack by outside bodies on the notion of the state as the engine for growth and transformation (Assuncao 1993).

### **Legal framework**

The state has also disadvantaged the informal sector through a variety of legislative devices (Harper 1984). In colonial Africa, and in apartheid era South Africa, access to land in prime commercial areas was heavily biased against Africans. Too often such legislation has remained in force when it refers to street traders, informal sector industrial estates and markets.

Informal sector actors are also faced with a range of other legal obstacles. Health and safety regulations tend to be devised and interpreted in such a narrow fashion that the informal sector cannot but infringe them. This encourages a situation where corruption and random harassment by the police and municipal authorities become an occupational hazard of informal sector activity. De Soto (1989), for example, shows that the bureaucratic system results in excessive periods of delay before informal sector workers can receive the relevant licenses, etc that, in theory, permit them to trade without harassment.

De Soto is correct to identify such constraints as serious obstacles to the informal sector and there appears to be considerable agreement that such barriers should be reduced. However, there is a danger in arguing that such legal constraints are the *only* barriers faced by the informal sector. It is clearly too simplistic to claim that untrammelled market forces guarantee a dynamic informal sector. Reduced legal constraints are important but provide only a partial response to the needs of the informal sector. In any

case, De Soto's argument that such regulations have arisen out of the power structures of the Southern state and, in particular, its alliance with big business, suggests that this type of reform will be difficult to effect.

### **Some questions arising**

The list of supports outlined above is not intended to be exhaustive. Equally, it is not assumed that every informal sector actor needs all such supports. Indeed, many have survived and even prospered without access to any such interventions. Furthermore, it seems unlikely that such supports, except perhaps credit, will ever have universal coverage. Who then should be the target populations for such interventions?

Internationally there has been disagreement as to the best means of providing such supports. In some cases a single agency provides a range of interventions. In others, specialised agencies have responsibility. Which route should South Africa take? There is disagreement about the sequencing of interventions. Can, for example, credit be given before business skills training? Who will make such decisions? Several of these supports have been accessed more successfully by men in the past. How can female access to the relevant supports be enhanced?

As a major source of livelihood for the more marginalised segments of society and as a potential engine of economic growth, the informal sector should also be supported by a more enabling environment. Inevitably, several elements of such an environment could also potentially benefit the formal sector. Nonetheless, any change in legislation which could reduce the protection of either workers, consumers or the wider public in spheres such as health, safety and hygiene cannot be taken lightly. How can the economic needs of the informal sector be balanced with the broader needs of its participants, and those of society at large? How far is it a case of freeing up markets and reducing regulation, as de Soto suggests, rather than giving the informal sector special privileges in accessing markets?

### **Conclusion**

The push towards the promotion of self-employment is just one element of an insistent global call on state-sponsored education and training systems to serve national economies more successfully. Whenever planned learning can assist individuals and communities towards better lives, in whichever economic locale, this should be supported. However, there is a need for caution in theorising new roles for education and training. These systems are frequently criticised for failing to provide preparation for the formal



sector, traditionally one of their functions. What evidence is there for thinking that they will be more able to plan for what has traditionally been unplanned? Clearly any simple vision of schools forming their pupils into young entrepreneurs through mere curricular changes is fallacious. Equally, given the massive criticisms of vocational training institutions' failure to place their students in formal employment, why should they be expected to be any better at preparing them for the informal sector?

One of the strongest messages to emerge from the study is the time dimension inherent in achieving sustainable self-employment. This is true both for early school-leavers as well as for those who continue with education, including those who enter wage-employment before they turn to their own work. This suggests that whilst improved education and training systems can play an important role in enhancing potential incomes in the informal sector, it is the provision of supports and environments for those in, or wishing to enter, the informal sector that offers the greatest direct potential for intervention. Well thought-out reforms to planned learning systems are a crucial challenge for all governments and societies, but preparation for the informal sector should be accorded no more privilege here than a range of other goals.

This is not to say that specific programmes of learning intervention for the informal sector cannot have very direct and immediate impacts. However, they must be based in a clear understanding of certain realities. Countries have their own cultures of knowledge and skill, as well as many different versions and mixes of these in their learning systems and institutions. They also have diverse and multiple traditions of work and of enterprise which are experienced unevenly: from community to community, from men to women, and from rural to urban areas. Successful interventions have tended to be those which were built upon a sensitive, in some cases ethnographic, understanding of the nature of the local informal sector.

The gospel of enterprise and self-employment can only be received and adopted into these diverse contexts in a highly differentiated fashion. The vision of a dynamic form of private enterprise for all is clearly a false prophecy. Nonetheless, in many different situations, a great deal has been learnt about how local traditions and experiences of enterprise can be facilitated to become more productive and sustainable. Crucially, much has also been learnt about how the most marginalised groups can enhance their incomes above mere subsistence through carefully tailored learning interventions.

This article does not seek to impose self-employment as the answer to South Africa's economic and social challenges. Neither does it seek to provide a blue print for the development of South Africa's informal sector. There is considerable evidence of indigenous attempts to develop a strategy in this field. In so far as the international experience can inform South African policy, this article has sought to point to some of the questions that arise from that experience. The use made of these questions in creating a strategy for the local informal sector is a decision for South Africans.

### Notes

1. In May 1997 the ODA became the Department for International Development.
2. Small, Micro and Medium Enterprises. A tighter poverty focus can lead to a concern with Small and Micro Enterprises (SMEs).
3. Technical colleges would be the most appropriate South African example.
4. For more information on this vibrant mode of skills acquisition see Fluitman (1994) and Adam (1995).
5. The length of time taken to accumulate capital, experience and networks is of course dependent upon the activity engaged in. Furthermore, the transition will tend not to be a discrete event. Rather, it is likely that the individual will slowly reduce his (or less typically her) formal sector commitments in favour of an increasing involvement in the informal sector.
6. At the same time, however, it is true that certain characteristics, such as gender, race and ethnicity, have constrained access both to sustainable self-employment and the formal sector.
7. The vast majority of such individuals is male.
8. The Programme for Rural Income Development through Enterprise.
9. In this context it is important to note a new trend of seeing savings rather than credit as the primary need of the poorest. See, for example, Havers (1995).

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